

The complaint

Mrs H complained that Liverpool Victoria Financial Services Limited (LV) had frozen the value of her with profits retirement plan when she reached the age of 75, causing her a substantial financial loss.

She would like LV to compensate her for any loss she has suffered and for the distress and inconvenience this has caused her.

Mrs H has been assisted in this complaint by her husband. For reasons of simplicity, I shall refer to all correspondence as if it had been with Mrs H herself.

What happened

Mrs H took out a with-profits retirement plan with LV on 14 May 2002. Her plan contained 10 separate policies, with a selected retirement date (SRD) of 20 July 2020.

On 19 May 2019, Mrs H called LV and asked it to speak to her husband, Mr H, about her retirement plan. During the call he asked if it would be possible for Mrs H to take benefits from one of her ten policies each year. LV confirmed that the pension benefits must be taken by age 75 at the latest, and so that would not be possible. On 11 April 2020, LV sent Mrs H a retirement pack, which included her current plan valuation, outlined her options for taking her benefits, provided information about PensionWise and obtaining financial advice as well as information about potential pension scams. It asked her to let LV know which option she wished to take by 8 June 2020. LV wrote again to Mrs H on 11 July 2020, asking for her to confirm which option she wished to take '*straight away*'.

Mrs H called LV once more on 14 May 2021, again passing the phone to her husband, as Mrs H had received correspondence from LV saying that she had failed to make planned contributions. LV confirmed that this correspondence had been sent in error, as Mrs H could not make contributions into her plan after she reached the age of 75. Mr H also indicated during this call that he understood that the pension was 'on hold' until she had decided how to take her benefits.

LV continued to send Mrs H annual statements that showed the value of her pension increasing. She later discovered that these statements were incorrect, and that no growth had been attributed to her retirement plan after 20 July 2020. Mrs H complained to LV on 17 August 2023, as her most recent statement had shown a value of c£18,000 higher than it had been on her SRD.

LV responded to Mrs H's complaint on 1 September 2023, not upholding her complaint. . LV said that transcripts of some of the calls showed that you were aware that the value of your benefits was '*on hold at c£135k*'. It went on to say:

To confirm we are not changing the value of your plan, we can only pay what the value of your plan was at age 75. The pension policy, as an arrangement within our Liverpool Victoria (1996) Personal Pension Scheme (the Scheme), is subject to the rules of the Scheme. To take out the pension plan you needed to have agreed to abide by the rules of the Scheme.

The rules of the Scheme are clear that benefits need to be taken no later than the member's 75th birthday. This would also have been clear at the point of the sale.

It offered her £500 in respect of the distress and inconvenience it's mistake had caused.

Mrs H contacted LV again, on 3 November 2023, unhappy with the response she had received. She said she felt that LV had been in breach of its contract with her. LV wrote a second response to Mrs H's complaint on 8 November 2023, saying that it had reviewed it's complaint and had nothing more to add

Unhappy with this response, Mrs H brought her complaint to our service. Our investigator reviewed the information provided by both parties and formed the view that Mrs H's complaint regarding the loss of growth to her policy should not be upheld and that the compensation LV had paid for distress and inconvenience was appropriate in the circumstances of the complaint.

Mrs H was unhappy with this view, and so the complaint has been passed to me to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I agree with our investigator and do not uphold this complaint.

I can appreciate that this will be disappointing to Mrs H, so I will explain how I have reached my decision.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to compensate a customer for any financial loss and distress and inconvenience they have suffered as a result.

Mrs H contends that LV should honour the growth in the value of her benefits as shown in the annual statements she received. LV believes that Mrs H should only receive the value of his benefits as at her SRD, as outlined in the scheme rules that apply to her with profits retirement plan.

I've carefully reviewed the information provided, including the scheme rules, the call notes and correspondence between both parties. Unfortunately for Mrs H, I find that LV is correct in valuing her benefits as it has, based on the value at the time of her SRD. Although LV has admitted that it made a mistake in showing the value of Mrs H's investments growing in subsequent annual statements, I find from the evidence provided that the value of Mrs H's benefits should not have accrued any more growth after her SRD. In particular, the retirement packs LV sent Mrs H on 11 April and 11 July 2020 confirmed that pension benefits had to be taken by the age of 75.

I've also considered the conversation Mr H had with LV on 14 May 2019 where he noted that Mrs H's plan was split into 10 policies and asked whether she could take benefits from one policy each year. It's recorded that LV confirmed to Mr H that her pension benefits must be taken at age 75 at the latest and Mr H acknowledged that taking benefits in this way was not a viable option.

Given this, I think it's reasonable to assume that LV had made Mrs H aware that her benefits needed to be taken by the age of 75. I also think it's reasonable to conclude that if LV had not made the error it did by providing subsequent annual statements to Mrs H showing her plan growing in value, this situation would not have arisen.

As it is a principle of this service that a consumer should be put back into the financial position that they should have been in had any mistakes not occurred, I can't agree that Mrs H should receive the higher figure, as she was never, in reality, entitled to it.

In the circumstances of this complaint, however, it is also important to note that LV agrees that it has made mistakes which have caused Mrs H distress and inconvenience which it has acknowledged. It has also paid Mrs H £500 compensation in respect of these mistakes, so I must also decide whether I think she has been fairly compensated in this respect..

To do this, I've considered the mistakes LV have made and the effect these have had on Mrs H. When deciding if I believe that a proposed level of compensation is appropriate, I have to consider the guidelines this service has published to ensure consistency and fairness of awards as well as the impact the mistakes have had on Mrs H and her wellbeing. In the circumstances of this complaint, I find that the payment of £500 that LV has already made to Mrs H is fair and reasonable in the circumstances and also in line with the guidance this service has published.

Given this, I won't be asking LV to do any more than it has already offered to resolve this complaint.

My final decision

For the reasons explained above, I do not uphold Mrs H's complaint.

Liverpool Victoria Financial Services Limited does not need to take any more action than it has already offered to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 August 2024.

Bill Catchpole
Ombudsman